

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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November 6, 2003

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First St., N.E., Room 1A
Washington, DC 20426

Robert Kanter, Ph.D.
Planning Division
925 Harbor Plaza
Port of Long Beach
Long Beach, CA 90807

Re: *FERC Docket No. PF03-6-000*
 POLB Application No. HDP 03-079

Dear Ms. Salas and Dr. Kanter:

The California Public Utilities Commission ("CPUC"), the state agency in California with the statutory mandate to represent the interests of natural gas consumers throughout California in proceedings before the Federal Energy Regulatory Commission ("FERC"), hereby submits brief comments in response to the "Notice of Intent to Prepare a Joint Environmental Impact Statement and Preparation of Joint Environmental Impact Report, Application Summary Report For SES' Proposed Long Beach LNG Import Project, Request For Comments on Environmental Issues, and Notice of Public Scoping Meeting," issued on September 22, 2003 in the above dockets. Sound Energy Solutions ("SES") has proposed to construct and operate a liquefied natural gas ("LNG") terminal, processing facility, and pipeline to interconnect with the CPUC-jurisdictional intrastate distribution system operated by the Southern California Gas Company ("SoCalGas"), in the Port of Long Beach ("POLB"), the City of Long Beach, and the City of Los Angeles.

The CPUC respectfully requests that its comments be considered although filed after the deadline of October 30, 2003. The CPUC has not been one of the many state agencies with whom discussions have been held previously identifying concerns with the project, nor were we officially notified or contacted by SES of the FERC pre-filing process. The CPUC recently authorized the filing of comments on the scope of the Environmental Impact Statement ("EIS"), Environmental Impact Report ("EIR"), and Application Summary Report ("ASR") at its October 30, 2003 meeting. The late filing of these comments has not and will not prejudice the rights of any party to the current proceeding, nor cause any delay to the disposition of the proceeding.

The CPUC is a member of the LNG Permitting Interagency Working Group, formed by California agencies involved in permitting or approving a proposed LNG facility in California. The Working Group has met over the last several months to develop and disseminate information on LNG issues, to identify key issues of concern to the state, and to understand each group member's respective roles and concerns regarding the construction and operation of LNG facilities in California. While other members of the Working Group will be submitting individual comments reflecting their agency's particular role, all members of the Working Group wanted to underscore the importance of close communication and early and extensive cooperation among federal and State agencies, thereby assuring a thorough review of all proposed LNG facilities.

The CPUC intends to participate in the EIS/EIR/ASR process as a "responsible agency" for purposes of the California Environmental Quality Act ("CEQA").

The CPUC recommends the EIS/EIR/ASR consider and discuss the following issues:

- The impact of the LNG facility and gas pipeline connections on public health and safety, given that the proposed LNG facility will be located in a heavily populated urban area;
- Security and safety issues associated with potential terrorist activity at the facility;
- All possible alternatives to the project, including other proposed LNG facilities in California and in offshore waters, and in Baja, California; potential interstate pipeline construction in California and neighboring states for natural gas service; and a "no project" alternative;
- An evaluation of the scope of the entire project, including proposed connections to California's intrastate gas transmission system;
- Specific mitigations for all environmental impacts, as required under CEQA, and any other CEQA requirements that exceed or differ from Federal standards under the National Environmental Policy Act ("NEPA");
- Any potential future changes to the design and operation of the facilities.

With respect to general gas supply issues for California, the CPUC notes that it will be co-sponsoring a workshop with the California Energy Commission ("CEC") in San Francisco on December 9–10 on natural gas supply issues and options for California. This workshop should provide some guidance for the EIR.

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Should you have any questions regarding the comments presented above, please call Mr. Andrew Barnsdale of the Energy Division of the CPUC at (415) 703-3221 or Mr. Kenneth Lewis of the Energy Division of the CPUC at 415-703-1637.

Sincerely,

/s/ William Ahern
William Ahern
Executive Director

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